GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1270
ANSWERED ON:21.08.2007
DIAMOND INDUSTRIES
Gaikwad Shri Eknath Mahadeo

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether levying of tax on export of rough diamonds by some African countries and weakening of dollar against the rupee is affecting the diamond industry in India;

(b) if so, the estimated losses incurred by the diamond industry during the current financial year; and

(c) the steps taken by the Government to protect the interest of diamond industry and its workers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH)

(a) No, Sir.

(b) Does not arise.

(c) The Government has taken following steps to protect the interest of diamond industry and its workers -

(i) Export of gems and jewellery, which also includes cut and polished diamonds, has been identified as a thrust sector in the Foreign Trade Policy (2004-09).

(ii) The licencing regime for rough diamonds has been abolished and customs duty on import of rough diamond has been reduced to 0%.

(iii) Advance remittances without insisting on bank guarantee for import of rough diamonds has been permitted.

(iv) Duty Free import entitlement of consumables, tools, machinery and equipments for Gold and Platinum equal to 1% of FOB value of exports during the preceding financial year.

(v) Duty free import entitlement of gems & jewellery samples in a financial year upto Rs.300,000/- or 0.25% of the average of last three years export turnover of gems and jewellery items, whichever is lower.

(vi) Cutting and polishing has been treated as manufacturing for the purposes of exemption under Section 10A of the Income Tax Act.

(vii) Gems & Jewellery exporters allowed to export cut and polished precious and semi-precious stones for treatment and re-import.

(viii) Import duty on cut and polished diamonds has been abolished.

(ix) Income Tax on turnover basis has been introduced for diamond units where profits declared are 8% or more of turnover.Besides, the Government also extends financial assistance for various sales promotion activities undertaken in foreign markets.